

Message Text

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12

ACTION EA-10

INFO OCT-01 ISO-00 SS-15 NSC-05 SP-02 CIAE-00 DODE-00

INR-07 NSAE-00 PA-01 USIA-06 PRS-01 EB-07 COME-00

TRSE-00 OMB-01 AGR-05 SAM-01 SAJ-01 L-02 /065 W

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INFO AMCONSUL HONG KONG

LIMITED OFFICIAL USE SECTION 1 OF 2 PEKING 836

E.O.11652: N/A

TAGS: ETRD, US, CH, EAGR

SUBJECT: SINO-US TRADE - BUSINESS VISITORS TO PEKING IN APRIL

REF: PEKING 583

SUMMARY OF RECENT DEVELOPMENTS. APRIL WAS A FAIRLY QUIET MONTH FOR US BUSINESS VISITORS IN PEKING, ALTHOUGH WELL OVER 100 US FIRMS WERE REPRESENTED DURING THE FIRST TWO WEEKS OF THE CANTON FAIR WHICH OPENED ON THE 15TH. MOST PEKING VISITORS WERE ENGAGED IN LONG TERM TRADE DEVELOPMENT EFFORTS BETWEEN THE TWO COUNTRIES. THESE INCLUDED THE VICE PRESIDENT OF THE NATIONAL COUNCIL FOR US-CHINA TRADE WHO TALKED TO THE CHINA COUNCIL FOR THE PROMOTION OF INTERNATIONAL TRADE REGARDING THE CCPIT DELEGATION THAT WILL VISIT THE US IN THE FALL (PEKING 783), AND A TEN-MAN DELEGATION OF THE GREATER SAN FRANCISCO CHAMBER OF COMMERCE WHICH IS NOW IN PEKING AT CCPIT'S INVITATION. ALSO, FIVE US FIRMS WERE REPRESENTED AT THE BELGIAN INDUSTRIAL EXHIBITION THAT WAS STAGED IN THIS CITY (PEKING A-11), WE ALSO LEARNED THAT A TEAM FROM KODAK WAS HERE IN LATE MARCH TO PRESENT TECHNICAL SEMINARS.

AS FOR CONCRETE BUSINESS NEGOTIATIONS, THERE WERE FURTHER TALKS WITH UNIVERSAL OIL PRODUCTS (UOP) AND AIR PRODUCTS

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AND CHEMICALS (APC) OVER POSSIBLE WHOLE PLANT SALES.

FROM APC, WE HAVE LEARNED OF INDICATIONS OF CHINESE INTEREST IN NATURAL GAS LIQUEFACTION. A NUMBER OF US BUYERS WERE ALSO IN PEKING, SOME IN CONNECTION WITH THEIR VISITS TO THE CANTON FAIR. WE ALSO MET REPRESENTATIVES OF THE PLAINS COTTON COOPERATIVE ASSOCIATION WHO WERE HERE FOR NEGOTIATIONS REGARDING CARRYING CHARGES STEMMING FROM CHINESE DELAYS IN TAKING DELIVERIES. END SUMMARY.

1. THE FOLLOWING US BUSINESS VISITORS WERE IN PEKING DURING APRIL:

A. GREATER SAN FRANCISCO CHAMBER OF COMMERCE - A TEN-MAN DELEGATION FROM THE SAN FRANCISCO CHAMBER (SEE STATE 94115 FOR COMPOSITION) ARRIVED IN PEKING APRIL 28 FOR A THREE WEEK VISIT AT THE INVITATION OF THE CHINA COUNCIL FOR THE PROMOTION OF INTERNATIONAL TRADE (CCPIT).

THIS IS THE FIRST LARGE US BUSINESS DELEGATION TO BE INVITED TO CHINA SINCE THE NATIONAL COUNCIL FOR US-CHINA TRADE DELEGATION VISITED HERE IN 1973. THE GROUP CALLED ON MR. BUSH AND USLO STAFF APRIL 30 AND SAID THEY HAD ALREADY BEEN RECEIVED AND FETED BY CCPIT PRESIDENT WANG YAO-T'ING, AND THAT ONE MEMBER OF THE GROUP (JOHN ALIOTO OF PACIFIC MCAR EAST LINES) HAD HELD MEETINGS WITH THE CHINA NATIONAL FOREIGN TRADE TRANSPORTATION CORPORATION AND THE CHINA NATIONAL SHIP CHARTERING CORPORATION. DURING THE MEETING WITH WANG, THE GROUP WAS ASKED TO PREPARE A TWO-HOUR BRIEFING ON CURRENT ECONOMIC CONDITIONS AND BUSINESS AND BANKING PRACTICES IN THE US TO BE PRESENTED IN A DAY OR TWO. THE DELEGATION EXPECTS TO BE IN PEKING UNTIL MAY 8, AFTER WHICH IT WILL VISIT THE CANTON TRADE FAIR AND OTHER CITIES, BEFORE LEAVING FOR HOME.

B. AIR PRODUCTS AND CHEMICALS (APC) - APC'S CARL FOWLER CALLED AT USLO APRIL 28 TO REPORT APC'S NEGOTIATIONS WITH TECHIMPORT IN CONJUNCTION WITH THE GERMAN FIRME LINDE (REFTEL), ARE CONTINUING. FOWLER DOES NOT KNOW HOW MUCH MORE TIME WILL BE REQUIRED, BUT REMAINS HOPEFUL OF SUCCESS. MEANWHILE, APC'S JOHN PRYOR VISITED LIMITED OFFICIAL USE

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PEKING IN MID-APRIL TO PARTICIPATE IN A TECHNICAL SEMINAR STAGED WITH SEVERAL JAPANESE FIRMS, APPARENTLY AT THE REQUEST OF CCPIT. THE TOPIC WAS TECHNOLOGY FOR NATURAL GASS LIQUEFACTION, AND THE JAPANESE FIRMS INVOLVED WERE: CHIKUMA TRADING COMPANY, DAIDO SANZO, (MANUFACTURES OXYGEN SEPARATORS); MITSUI;MRHIYODA CHEMICAL ENGINEERING; AND CRYOGENICS ENGINEERING. ACCORDING TO PRYOR, THE CHINESE GAVE NO INDICATION AS TO WHETHER THEY WOULD BE INVESTING

IN LNG FACILITIES, BUT THIS IS THE SECOND TIME WE KNOW OF THAT CHINA HAS SHOWN INTEREST IN NG LIQUEFACTION. WE UNDERSTAND THAT REPRESENTATIVES OF BRIDGESTONE LIQUEFIED GAS AND ISHIKAWAJIMA-HARIMA HEAVY INDUSTRIES, ALSO JAPANESE FIRMS, VISITED THE PRC SEVERAL MONTHS AGO FOR DISCUSSIONS ON THIS SUBJECT.

C. UNIVERSAL OIL PRODUCTS (UOP) - THE UOP DELEGATION (REFTEL) DEPARTED PEKING WITHOUT PROVIDING USLO WITH A REPORT ON PROGRESS OF THEIR NEGOTIATIONS RELATING TO SALE OF TECHNOLOGY AND OTHER SERVICES FOR A DETERGENT PLANT AND AN ISOMAR PAREX FACILITY. WE HEARD INDIRECTLY, HOWEVER, THAT NEGOTIATIONS BECAME SNAGGED OVER THE CHINESE REFUSAL TO ENTER INTO A 15 YEAR SECRECY CLAUSE. WE ALSO UNDERSTAND THAT THE UOP DELEGATION EXPECTS TO RETURN FOR FURTHER TALKS IN THE FUTURE.

D. PLAINS COTTON COOPERATIVE ASSOCIATION (PCCA) - HENRY PATTON AND BERNARD DELAFOSSE HAVE BEEN IN PEKING FOR TEN DAYS NEGOTIATING A PROBLEM RELATING TO CARRYING CHARGES WHICH STEMS FROM DELAYED COTTON DELIVERIES TO THE PRC (1974 PEKING 1384). ACCORDING TO PATTON, SOME 57,000 BALES REMAIN TO BE DELIVERED OF AN ORIGINAL ORDER FOR 150,000 BALES WHICH THE CHINESE PLACED WITH PCCA MORE THAN A YEAR AGO. SHIPMENTS WERE DELAYED DUE TO THE FAILURE OF THE CHINESE TO SEND VESSELS TO TAKE DELIVERY, AND CARRYING CHARGES (WHICH IN THE ORIGINAL AGREEMENT, PATTON SAID, WERE SET AT A RATE LOWER THAN COSTS) NOW TOTAL ABOUT \$2 MILLION. POINTING TO THE SUBSEQUENT FALL IN COTTON PRICES, THE CHINESE WANT TO NEGOTIATE THIS AMOUNT DOWN. THE TWO SIDES ARE STILL FAR APART, AND THE PCCA REPRESENTATIVES EXPECT TO LEAVE PEKING MAY 2 WITHOUT A SETTLEMENT. THEY SAID THE CHINESE ARE NOT SEEKING TO LIMITED OFFICIAL USE

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CANCEL THE REMAINING UNDELIVERED AMOUNT OF COTTON, WHICH IS WORTH ABOUT \$14 MILLION.

E. EXXON - J.K. JAMIESON, EXXON CORPORATION BOARD CHAIRMAN, WHO WAS IN PEKING ON A PRIVATE VISIT EARLY IN THE MONTH, DID NOT SEEK BUSINESS APPOINTMENTS WHILE HERE BUT DID EXPECT TO SEE A CHINESE SHIPPING OFFICIAL IN CANTON. EXXON HAS A WORLDWIDE BUNKERING AGREEMENT WITH THE CHINESE, AND THE CANTON MEETING WAS ARRANGED BY THE COMPANY'S HONG KONG OFFICE. IN A SEPARATE VISIT, TWO OFFICIALS OF ESSO HONG KONG WERE IN PEKING ON A TOUR ARRANGED FOR VARIOUS HONG KONG BUSINESSMEN BY THE CHINA OCEAN SHIPPING CORPORATION. IN A CONVERSATION WITH USLO OFFICER, THEY SAID THAT EXXON'S SALE TO THE PRC OF A SURPLUS OIL TERMINAL FACILITY IN HONG KONG, WHICH THE

CHINESE WILL PROBABLY USE FOR STORAGE OF PETROLEUM PRODUCTS IT SELLS IN HONG KONG, MAY BE CONCLUDED BY THE END OF THE YEAR. REPRESENTATIVES OF ESSO HONG KONG HAVE ALSO VISITED THE CURRENT CANTON FAIR.

F. KUHN, LOEB & CO. - ALSO IN PEKING ON A PRIVATE

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ACTION EA-10

INFO OCT-01 ISO-00 SS-15 NSC-05 SP-02 CIAE-00 DODE-00

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TO SECSTATE WASHDC 3675

INFO AMCONSUL HONG KONG

LIMITED OFFICIAL USE SECTION 2 OF 2 PEKING 836

E.O.11652: N/A

TAGS: ETRD, US, CH, EAGR

SUBJECT: SINO-US TRADE - BUSINESS VISITORS TO PEKING IN APRIL

VISIT (AS THE GUEST OF THE NEW ZEALAND AMBASSADOR) WAS MARK FEER OF KUHN, LOEB. HE WAS GRANTED A MEETING WITH OFFICIALS OF THE BANK OF CHINA. HE DID NOT PROVIDE USLO WITH A REPORT ON THE RESULTS, BUT HE EXPECTED IT TO BE ONLY OF A GENERAL INTRODUCTORY NATURE.

G. E. YUEN - ROBERT BELSKY, JEROME MEYEROWITZ AND GARY HELFRECHT OF THIS NEW YORK BASED CHINA IMPORT FIRM ARE VISITING PEKING ON FURTHER BUSINESS WITH THE CHINA NATIONAL LIGHT INDUSTRIAL PRODUCTS IMPORT AND EXPORT CORPORATION. YUEN HAS BEEN A HIGHLY SUCCESSFUL IMPORTER OF PRC BASKETWARE TO DATE AND IS NOW HOPING TO EXPAND INTO THE CHINESE DINNERWARE. HELFRECHT HAS BEEN EXPLORING THE SUBJECT WITH LIGHT INDUSTRY CORPORATION OFFICIALS

AT THE CANTON FAIR AND THOSE TALKS ARE NOW CONTINUING IN PEKING. HELFRECHT BELIEVES THE BUSINESS COULD DEVELOP TO \$5 MILLION PER YEAR WITHIN A RELATIVELY SHORT TIME IF THE CHINESE COOPERATE -- AS THEY HAVE IN THE BASKET FIELD -- IN MEETING YUEN'S REQUIREMENTS. THE THREE MEN WILL ALSO VISIT TIENTSIN AND TRAVEL TO CANTON FOR THE FINAL DAYS
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OF THE SPRING FAIR.

H. VERDE SHOES - ROBERT GREENE, PRESIDENT OF THIS MASS. FIRM, WHICH HAS BEEN IMPORTING QUALITY MEN'S SHOES FROM CHINA FOR MORE THAN A YEAR, WAS IN PEKING FOR HIS FOURTH VISIT. GREENE IS VERY SATISFIED WITH THE PROGRESS OF HIS PURCHASES FROM CHINA. HE WILL SOON BE RETIRING FROM THE COMPANY, AND IS LOOKING INTO OTHER US-CHINA TRADE POSSIBILITIES.

I. GEORGE UHE CO. - ROBERT SHEARMAN AND LLOYD FISCHBECK, TWO VICE PRESIDENTS OF THIS NEW YORK FIRM WHICH BUYS ESSENTIAL OILS FROM CHINA, WERE IN PEKING PRIOR TO VISITING THE CURRENT CANTON FAIR. WE DO NOT HAVE A REPORT ON THEIR PEKING BUSINESS DISCUSSIONS, BUT THE FIRM HAS BEEN TO A NUMBER OF RECENT FAIRS AND AN OFFICIAL OF THE NATIVE PRODUCE AND ANIMAL BY-PRODUCTS CORPORATION IN CANTON INDICATED TO USLO OFFICERS THAT HIS CORPORATION EXPECTS TO HAVE SIGNIFICANT DEALINGS WITH THE UHE COMPANY DURING THIS TRIP.

J. IDEAL MUSICAL MERCHANDISE CO. - JACK LOEB, PRESIDENT OF IDEAL, INFORMED USLO APRIL 7 THAT HIS NEGOTIATIONS FOR THE EXCLUSIVE HANDLING IN THE US OF CERTAIN CHINESE MADE WESTERN STYLE INSTRUMENTS (REFTTEL) WERE COMPLETED SUCCESSFULLY.

K. KODAK - A TEAM FROM KODAK WAS IN PEKING IN LATE MARCH TO GIVE TECHNICAL SEMINARS ON MOTION PICTURES AND PROFESSIONAL PHOTOGRAPHY. THE GROUP, WHICH ALSO VISITED SHANGHAI, DID NOT CALL AT USLO, BUT ACCORDING TO KODAK REPRESENTATIVES AT THE CURRENT CANTON FAIR, THE FIRM IS PLEASED WITH ITS STILL SMALL BUT GROWING CONTACTS WITH THE CHINESE AND IS HOPEFUL THAT SIGNIFICANT BUSINESS WILL EVENTUALLY RESULT. THIS WAS THE FIFTH OR SIXTH US FIRM TO HAVE BEEN INVITED TO PEKING TO PRESENT TECHNICAL SEMINARS OVER THE LAST YEAR.

2. THIS CABLE, PARTICULARLY ITEMS B, C, D, E, G, AND J ABOVE, CONTAINS COMMERCIAL SENSITIVE INFORMATION AND SHOULD NOT BE DISCUSSED OUTSIDE THE USG. BUSH
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